SECRET

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3 Sept 70

Ch, TSG
Ch, PPBS

- Re attached proposal for study by [redacted] of automated film transport systems:

25X1

Following considerable reflection, I have concluded that we -- NPIC -- should not commit government funds in support of this contractual project. My reasons are:

1. Companies such as [redacted] should be committing their own resources to such work in order to make their products more competitive.

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2. By selecting one company to do such a study -- and by funding that study with govt. monies -- we, in effect, give that company

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an advantage over other companies for purposes of bidding on future designs and production contracts.

3. Over the long run, we should be developing our own criteria through our own efforts using our own talent -- criteria which we should then share with the all interested companies in the process of writing specs and issuing design objectives.

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